Communications

Communicating with plan members is a priority of the trustees. The Pension Corporation continues to improve the effectiveness of our pension information by ensuring all publications are easy to understand and easy to use. The plan produces the annual *Member's Benefit Statement*, and new and updated communications products are regularly published. In September 2004, a new user-friendly website was launched, providing excellent pension plan information for the members of the Workers' Compensation Board Superannuation Plan.

The full annual report for the WCB Superannuation Plan, including audited financial statements, will be available in the near future. For a copy of the annual report, please contact the plan at the numbers below, or your Human Resources office. For more information about your plan, visit the plan website at **pensionsbc.ca**.

This publication is produced by the
Pension Corporation
on behalf of the
WCB Superannuation Plan.
If you have questions on the information contained
in this report, please contact:

Workers' Compensation Board Superannuation Plan
PO Box 9460
Victoria BC V8W 9V8

E-mail: WCB@pensionsbc.ca
Phone: Victoria: 250 953-4324
Toll-free in BC: 1 888 440-0111

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BRITISH COLUMBIA

Workers' Compensation Board Superannuation Plan

Annual Report Summary

Plan Governance

The **British Columbia Pension Corporation** provides benefit administration services as an agent of the Workers' Compensation Board (WCB). The corporation enrols members, collects contributions, processes benefits and issues pension payments.

The **British Columbia Investment Management Corporation (bcIMC)** provides investment management services as an agent of the WCB. The bcIMC is one of the largest institutional investors in the country, offering a wide range of fund management services.

Plan Benefits

The plan provides basic pension benefits that are based on the member's highest five years of salary, length of service and age at retirement. The plan provides entitlement to a pension benefit after two years of contributory service. The plan also provides survivor and disability benefits. Inflation protection to the basic pension is provided but is not guaranteed. The trustees monitor the ability to continue to provide inflation benefits on an ongoing basis.

Plan Funding/Actuarial Valuation

Active plan members and the employer both contribute to the plan. Every three years, an independent actuary assesses the adequacy of the contribution rates for funding the plan. The latest valuation examined the plan as at March 31, 2003, and disclosed an actuarial surplus of $84 million. The next valuation will be as at March 31, 2006, with results available in 2007.

Investments

The plan holds a diversified portfolio of debt and equity investments that facilitates prudent management of risk. The portfolio increased from $665 million at March 31, 2004 to $723 million at March 31, 2005. The basic account returned 7.7% for the year, outperforming its benchmark of 6.8%, primarily due to the strong performance of Canadian equities and hedging of the U.S. dollar.

Pension plans have long-term investment horizons and should focus on the longer term. The five-year annualized rate of return was 3.5%.

Basic Account Investment Asset Mix and Performance

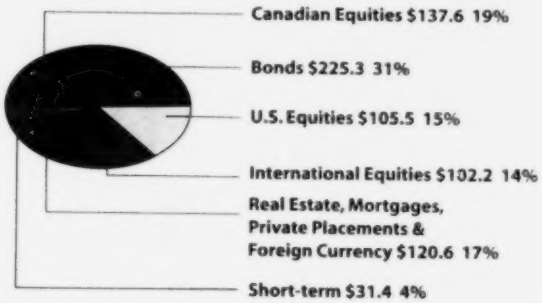
	March 31, 2005			
Asset Class	**Approved Range (%)**	**Actual Assets (%)**	**Rate of Return (%)**	**Performance Benchmark* (%)**
Fixed Income	**30–50**			
Short-term	0–10	4.0	2.7	2.5
Mortgages	0–10	4.0	5.0	3.8
Bonds	15–35	26.3	5.9	5.8
Real Return Bonds	0–10	5.1	9.9	10.7
Equity	**50–70**			
Canadian Equities	8–22	19.1	15.3	13.9
U.S. Equities	8–20	14.7	2.3	-1.1
International Equities	7–20	14.3	6.0	5.8
Real Estate	5–15	10.4	12.8	6.3
Private Placements	0–10	2.2	**	**

* Benchmarks are standards to compare against actual investment returns.
** Annual rate of return not applicable.

ıation Plan 2005 Annual Report Summary

2005 Investment Holdings (Market Value)

$ Millions


Canadian Equities $137.6 19%
Bonds $225.3 31%
U.S. Equities $105.5 15%
International Equities $102.2 14%
Real Estate, Mortgages, Private Placements & Foreign Currency $120.6 17%
Short-term $31.4 4%

Total portfolio $722.6 million

Financial Statement Highlights

$ Millions

	March 31 2005	2004
	(unaudited)	
Net Assets – Beginning of Year	**$666.9**	$548.2
Investment Income	**52.3**	115.3
Contributions	**29.6**	24.3
Benefit Payments	**(24.4)**	(19.7)
Investment & Administration Costs	**(1.1)**	(1.2)
Net Assets – End of Year	**$723.3**	$666.9

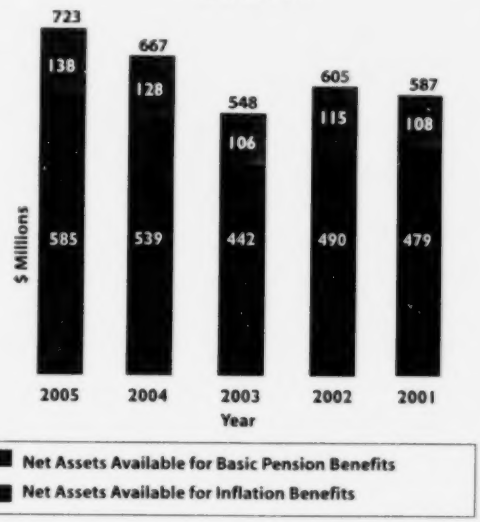
Investment Performance

	Performance Benchmarks* 2005	March 31 2005	2004
		(unaudited)	
Market Value ($ Millions)		**$722.6**	$665.2
Basic Account Rates of Return			
Annual	**6.8%**	**7.7%**	20.7%
Five-year Average	**2.5%**	**3.5%**	5.5%

* Benchmarks are standards to compare against actual investment returns.

Net Assets Available for Benefits

as at March 31



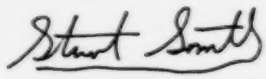
Trustees' Message

We are pleased to present our *Annual Report Summary* for the fiscal year ending March 31, 2005. We welcome all new members to the Workers' Compensation Board Superannuation Plan (the plan).

The plan is financially sound and at March 31, 2005, had assets totalling $723 million, an increase in assets of $56 million since March 31, 2004. The most important issue for any pension plan is long-term results, and we're committed to achieving consistent and steady performance over the long term.

Every three years, an independent actuary assesses the financial health of the plan and the adequacy of the contribution rates. The most recent actuarial valuation, as at March 31, 2003, disclosed a net actuarial surplus of $84 million, a decline of $24 million from the $108 million surplus at March 31, 2000. In order to strengthen the fund, the Workers' Compensation Board increased the employer's contribution rate by 2% of salary effective December 25, 2003 while maintaining employee contribution rates at the previous levels. Your plan continues to be financially sound and has registered satisfactory returns since the collapse of equity markets in 2001 and 2002.

We've collaborated with the British Columbia Pension Corporation to provide you with prompt, friendly and efficient service, and we promise to continue in our efforts to make your retirement process easy. We're committed to ensuring that your pension plan is well managed, and we look forward to continuing to work on your behalf to fulfill the pension promise.



Stuart Smith

Sid Fattedad

Trustees as at March 31, 2005

Plan Member Representative
Stuart Smith

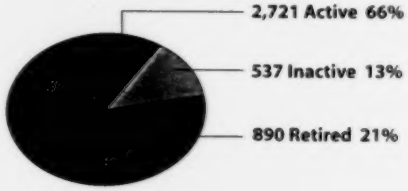
Workers' Compensation Board Representative
Sid Fattedad

Plan Membership

as at March 31, 2005

Last year over 60 new pensions commenced. The number of retired members is expected to continue to grow in the next few years.

2005 Membership Profile



BRITISH COLUMBIA

Workers' Compensation Board Superannuation Plan

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2005

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Message from the Trustees

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Stuart Smith

Sid Fattedad

Trustees as at March 31, 2005

Plan Member Representative
Stuart Smith

Workers' Compensation Board Representative
Sid Fattedad

Plan Governance

The Workers' Compensation Board (WCB) is responsible for the management of the pension plan, including the investment of the assets and administration of the plan. The WCB appoints plan trustees. Currently there are two trustees; one representing the WCB as the employer and one representing plan members.

The **British Columbia Pension Corporation** provides benefit administration services to the pension plan as an agent of the Workers' Compensation Board. The corporation enrols members, collects contributions, processes benefits and issues pension payments.

The **British Columbia Investment Management Corporation** (bcIMC) provides investment management services as an agent of the Workers' Compensation Board. The bcIMC is one of the largest institutional investors in the country, offering a wide range of fund management services and options.

Communications

Communicating with plan members is a priority of the trustees. The Pension Corporation continues to improve the effectiveness of our pension information by ensuring all publications are easy to understand and easy to use. The plan produces the annual *Member's Benefit Statement*, and new and updated communications products are regularly published. In September 2004, a new user-friendly website was launched, providing excellent pension plan information for the members of the Workers' Compensation Board Superannuation Plan. The WCB pension website can be accessed at **pensionsbc.ca**.

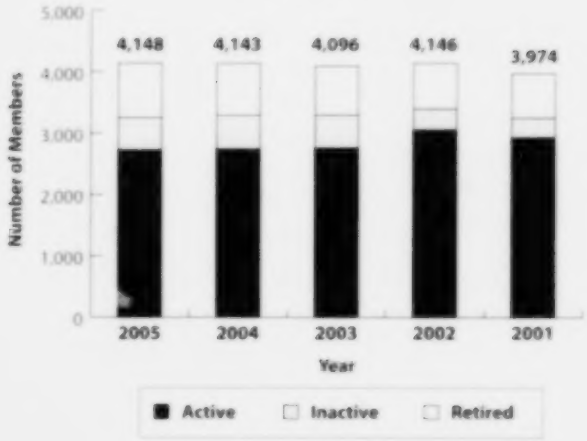
Plan Membership

Members and Contributions

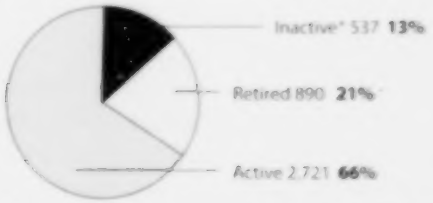
There are three types of members in the Workers' Compensation Board Superannuation Plan.

- **active**—those who are currently contributing to, or are receiving benefits from an approved salary continuance plan or are on a leave of absence.
- **inactive**—those who have terminated their employment and left contributions in the plan. They may or may not be eligible for a pension in the future.
- **retired**—those who are receiving a pension.

Number of Members
as at March 31



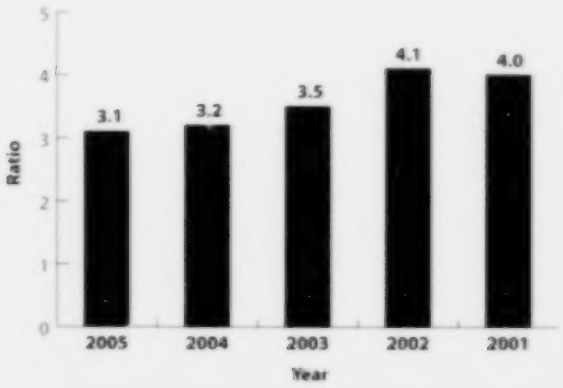
Membership Profile
as at March 31, 2005



* Members no longer employed, but with money in the plan

Active Member Profile
as at March 31, 2005

Ratio of Active Members to Retired Members



Contributions

Members of the Workers' Compensation Board Superannuation Plan contribute to the plan through automatic deductions from their salary. Both plan members and WCB pay contributions to fund future pension benefits. Once a member terminates employment, retires, or reaches 35 years of pensionable service, they no longer contribute. The contribution rates in the table below are applied to pensionable salaries. The current rates are as follows:

Plan Member

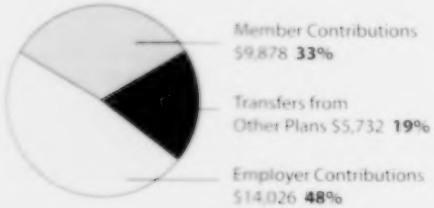
- 5.5% of pensionable salary up to and including the YMPE*, and
- 7.0% of pensionable salary for salary greater than the YMPE.*

Employer

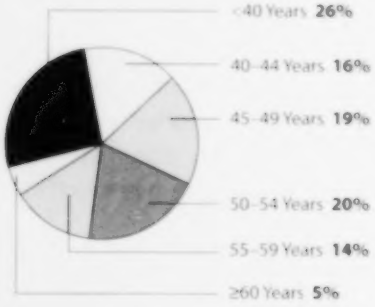
- 7.5% of pensionable salary up to and including the YMPE* and
- 9.0% of pensionable salary for salary greater than the YMPE.*

* Year's Maximum Pensionable Earnings (YMPE) is the earnings limit on which you make Canada Pension Plan (CPP) contributions. The 2004 YMPE was 40,500 and in 2005 was increased to 41,100.

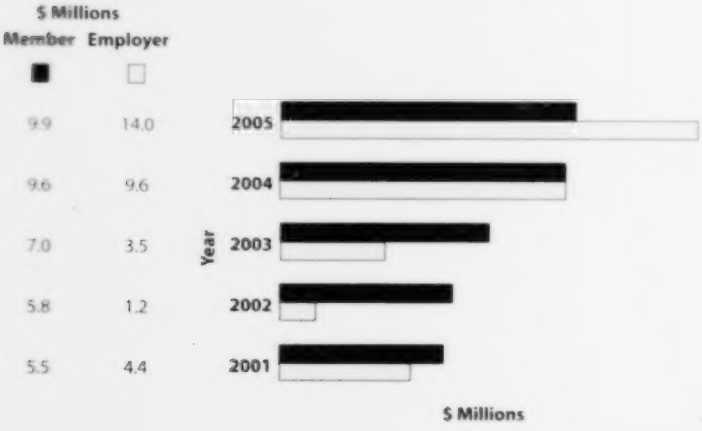
2004/05 Contribution Revenue
$ Thousands



Age Profile of Active Members
as at March 31, 2005



Contributions
year ended March 31



Plan Benefits

The WCB Superannuation Plan is a contributory defined benefit pension plan. Benefits are based on the member's highest five years of salary, length of service and age at retirement. The plan provides entitlement to a pension benefit after two years of contributory service. The plan also provides survivor and disability benefits. Indexing benefits are not guaranteed, and the ability to continue to provide these benefits is monitored on an ongoing basis.

Pensions

The number of retired members continues to grow with the aging of the membership. The number of retired members receiving a pension increased 5% from 2004 to 2005 as at March 31.

Pensions are paid at the end of each month, beginning with whichever of the following comes latest:

- the month following the month in which the plan member becomes eligible;
- the month following the month in which the plan member receives the final salary payment; or
- the month in which the Pension Corporation receives the member's application.

The plan pays a full month's pension for the month in which a retired member dies.

The table below shows the average asset value ("present value") of pensions granted during 2004/05. The value represents approximately how much it would cost to purchase an average basic pension provided under the WCB Superannuation Plan.

Average Value of New Regular Pensions April 1, 2004 to March 31, 2005

Subdivided by years of service

Years of Service *	Number of Pensions Granted	Average Annual Salary Base	Average Annual Pension	Average Present Value of Pensions	Total Present Value of Pension ($ Millions)
<10 yrs	4	$57,000	$ 6,300	$ 96,000	$ 0.4
10–14	13	73,000	14,200	215,000	2.8
15–19	2	67,000	18,300	309,000	0.6
20–24	5	66,000	22,800	388,000	1.9
25–29	15	62,000	26,600	435,000	6.5
30–34	12	68,000	33,900	573,000	6.9
35	1	57,000	30,300	623,000	0.6
Total	**52**	**n/a**	**n/a**	**n/a**	**$ 19.7**
Average of all Pensions	n/a	$66,000	$23,000	$380,000	n/a

* Years of service includes service transferred from other plans.

Pensions 2001–2005

	New Pensions during Year	Pension Terminations	In Force at End of Year	$ Millions Basic Pensions Paid	Inflation Supplements Paid	Total Pensions Paid
2004/05	**62**	**19**	**890**	**13.0**	**2.7**	**15.7**
2003/04	73	22	847	11.9	2.5	14.4
2002/03	63	12	796	10.6	2.3	12.9
2001/02	37	16	745	10.1	2.1	12.2
2000/01	36	15	724	9.5	1.9	11.4

New Pensions, by Type 2001–2005

	Regular*	Disability+	Deferred	Total
2004/05	**52**	**1**	**9**	**62**
2003/04	60	5	8	73
2002/03	54	1	8	63
2001/02	28	5	4	37
2000/01	27	4	5	36

* New Pensions do not include any pension continued to a beneficiary upon the death of a retired member.
\+ Includes members on long-term disability who became eligible for a regular pension.

2004/05 New Regular Pensions, Age at Retirement

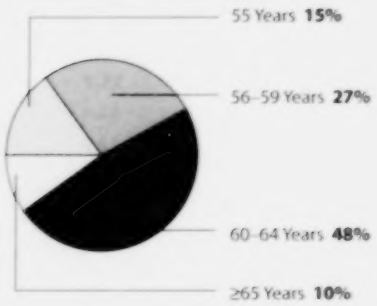
Subdivided by years of service and age at retirement

Years of Service	55	56–59	60–64	≥65	Total
<10 yrs	–	–	3	1	4
10–14	1	2	6	4	13
15–19	–	–	2	–	2
20–24	–	2	3	–	5
25–29	5	2	8	–	15
30–34	1	8	3	–	12
35	1	–	–	–	1
Total	**8**	**14**	**25**	**5**	**52**

Average age 60

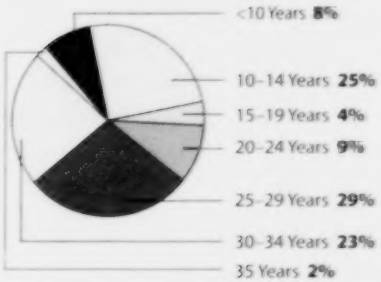
Percentage of 2004/05 New Regular Pensions By Age at Retirement

Normal Retirement Age 65



Percentage of 2004/05 New Regular Pensions by Years of Service

Normal Retirement Age 65



Termination and Refund Benefits

A terminating member may be eligible for one or more of the following benefits:

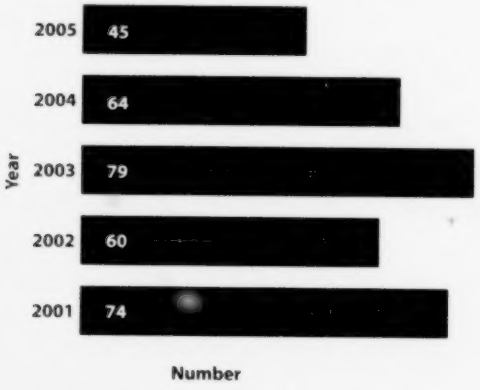
- a refund of contributions with interest;
- a transfer of the commuted value of the pension benefit to a locked-in registered retirement savings plan or a registered pension plan; or
- a deferred pension.

After January 1, 1998, a terminating member with two or more years of service can claim vested, locked-in benefits in the form of a transfer of the commuted value or a deferred pension.

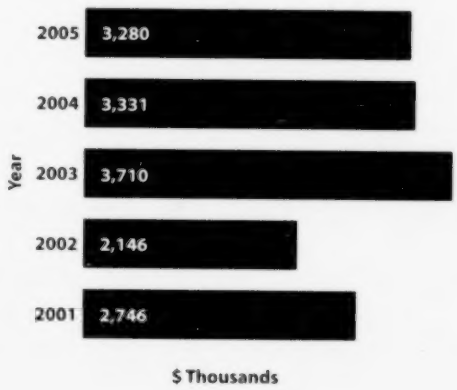
The number and value of termination benefits paid can vary from year to year. In 2004/05 the total value of termination benefits remained relatively unchanged, even though there was a decrease in the number of benefits paid.

If a non-vested member leaves the plan and takes a refund of contributions, the refund includes interest. Interest compounds annually and is credited to the member's contribution balance. The balance, including interest, is included in the annual *Member's Benefit Statement*.

Number of Termination and Refund Benefits Paid
year ended March 31



Value of Termination and Refund Benefits Paid
year ended March 31



Termination and refund benefits paid include refunds of contributions and commuted value payments; deferred pensions are included in pension statistics.

The number of termination and refund benefits for 2004 has been corrected from previously reported.

Transferring Service

Transfer agreements allow pension plan members to carry pension rights from one plan to another. Members may carry their years of pensionable service and contributions to a new plan, at a different place of employment, if the new plan has an agreement with the Workers' Compensation Board Superannuation Plan. Employers that allow pension plan members to transfer their pension rights to other pension plans are called "reciprocal employers". In order to transfer service, the member must have left their contributions on deposit, or reinstated service. Service may not always be transferred on a one-to-one basis, but depends on differences in plan benefits. Members of the WCB Superannuation Plan who have made contributions to another pension plan may want to inquire about transfer agreements.

Under the B.C. Public Sector Pension Transfer Agreement of April 1, 2004, transfer agreements are in place between the WCB Superannuation Plan and the BC public sector plans (College, Municipal, Public Service and Teachers'). In 2004/05, there were 48 reciprocal transfers in from other pension plans and 42 transfers out. The transfers-in totalled $5.7 million; transfers-out totalled $5.4 million.

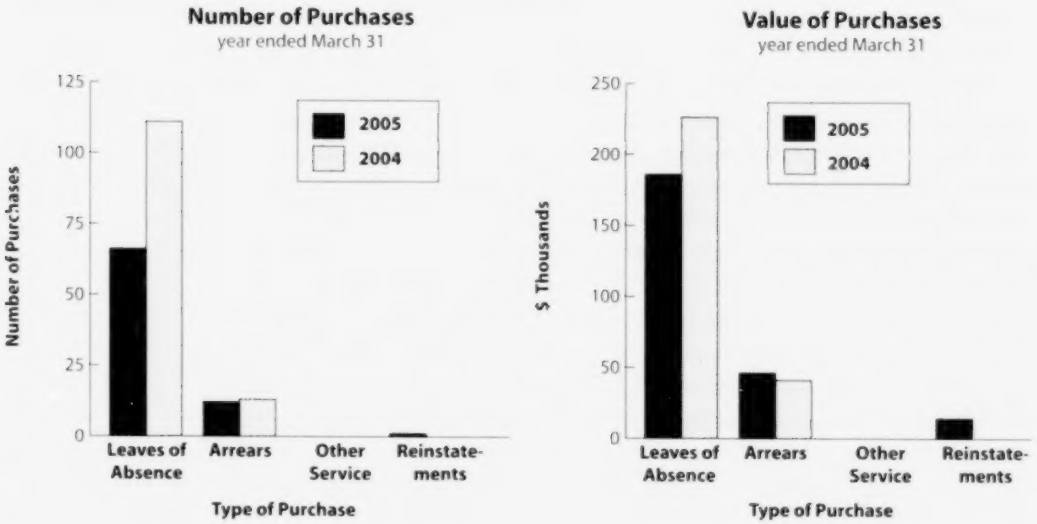
Purchase of Additional Service

Members of the Workers' Compensation Board Superannuation Plan may be able to increase their future pension benefits by purchasing periods of past service. Purchasing service means paying for periods of employment that have not already been counted as service with the pension plan. This service may include:

- leaves of absence (maternity, parental, or other leave)
- arrears contributions (not enrolled but eligible to buy back missed contributions)
- other service (employment service before becoming a regular contributor), or
- reinstatements (contributions previously refunded from the plan).

In 2004/05 the number of purchases of additional service decreased 36.3% from 2003/04. The value of the purchases decreased 7.9%.

Member and WCB Purchase of Additional Service



Investments

Market Review

One of the major fiduciary roles of the trustees is the responsibility for overseeing the investment of approximately $723 million in assets for the long-term benefit of the plan members. The most important issue for any pension plan is long-term results, and the goal is to achieve consistent and steady performance over the longer term based on a disciplined approach and prudent decision-making.

The trustees review the Statement of Investment Policy and Procedures (SIPP), approve the long-term asset mix for the investment of assets, and oversee the management of those assets through the plan's investment management agent, the British Columbia Investment Management Corporation (bcIMC).

Diversification of investments is a key principle in the investment policy. Investments are held in a range of asset types (e.g., bonds, equities, real estate), industry sectors, and global markets.

In 2004/05, world economic growth moderated, with some countries above and others below expectations. Inflation was not a significant concern despite high oil prices. Early strong corporate profits slowed before year-end. Uncertainty and lower inflation resulted in a decline in long-term interest rates. Stronger-than-expected results increased investor confidence, resulting in lower market volatility. Strong demand for commodities, good fiscal performance by government and a rising dollar resulted in a relatively superior performance by Canadian equities, which earned 14.5% to 16.6%. Bonds earned 4.9% to 9.5% while real return bonds performed at 9.9% to 10.3%. Falling interest rates enhanced bond returns in 2004/05; however, this also means lower bond returns in the future. Returns on U.S. investments at -2.0% to 5.2% were adversely affected by the decline of the U.S. dollar against the Canadian dollar, but hedging strategies reduced U.S. dollar losses by approximately 2.8 million.

The plan's Basic Account recorded a 7.7% annual return on its investment portfolio, outperforming its 2004/05 benchmark of 6.8%. On a five-year basis, the return for the plan's Basic Account was 3.5%.

Looking forward, one of the biggest challenges facing the trustees may be meeting our long-term goals in the current low interest rate environment. However, on the positive side, during the past two years investors have become increasingly confident regarding the economy and financial markets. This has resulted in reduced market volatility and higher-than-expected investment returns. Hopefully this spirit of optimism will carry on in 2005/06.

Approved Investment Asset Mix

The WCB Superannuation Plan holds a diversified portfolio of debt and equity investments. Diversification of assets and investment styles is an important component of investment strategy for the fund because it decreases investment risk.

The trustees approved the asset mix range in the accompanying table. Targets for strategic and short-term allocation of assets must fall within the approved asset mix. For purposes of the asset mix, short-term includes Canadian government bonds with one-to five-year terms and money market securities.

Basic Account Investment Asset Mix and Performance

March 31, 2005

Asset Class	Approved Range (%)	Actual Assets (%)	Rate of Return (%)	Performance Benchmark* (%)
Fixed Income	**30–50**			
Short-term	0–10	4.3	2.7	2.5
Mortgages	0–10	4.0	5.0	3.8
Bonds	15–35	26.2	5.9	5.8
Real Return Bonds	0–10	5.0	9.9	10.7
Equity	**50–70**			
Canadian Equities	8–22	19.0	15.3	13.9
U.S. Equities***	8–20	14.7	2.3	-1.1
International Equities	7–20	14.3	6.0	5.8
Real Estate	5–15	10.3	12.8	6.3
Private Placements	0–10	2.2	**	**

* Benchmarks are standards to compare against actual investment returns.

** Annual rate of return not applicable.

*** Rate of return includes derivatives.

Investment Portfolio

Investments are stated at fair market value and consist primarily of direct ownership in units of pooled investment portfolios. The units of pooled investment portfolios are valued regularly, based on the value of the underlying assets.

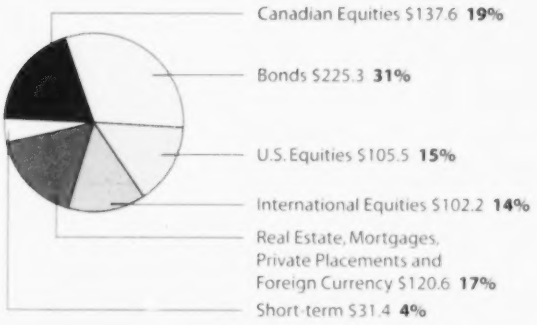
Investments Held as at March 31, 2005

	Market Value ($ Thousands)	Asset Mix Market Value (%)
Short-term		
Money Market	9,637	1.3
Bonds (1-5 years)	21,722	3.0
Bonds		
Government	128,075	17.7
Corporate	30,731	4.3
Long-term	30,185	4.2
Canadian Equities		
Indexed	84,590	11.7
Actively Managed	53,040	7.3
U.S. Equities		
Indexed	35,827	5.0
Actively Managed	69,727	9.7
International Equities		
Asia	16,229	2.3
Europe	32,284	4.5
Europe, Australia and the Far East	53,730	7.4
Real Estate	74,758	10.3
Mortgages	28,622	4.0
Private Placements	16,196	2.2
Foreign Currency	983	0.1
Total Pooled Portfolios	**$686,336**	**95.0**
Real Return Bonds	36,305	5.0
Total Investments	**722,641**	**100.0**
2003/04 Comparison	$ 665,187	

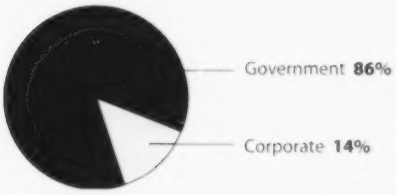
For further information on the investment portfolio, visit the British Columbia Investment Management Corporation website at **www.bcimc.com**.

Investments Held as at March 31, 2005

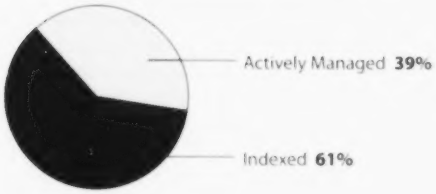
Investments Holdings (Market Value)
$ Millions


Canadian Equities $137.6 19%
Bonds $225.3 31%
U.S. Equities $105.5 15%
International Equities $102.2 14%
Real Estate, Mortgages, Private Placements and Foreign Currency $120.6 17%
Short-term $31.4 4%

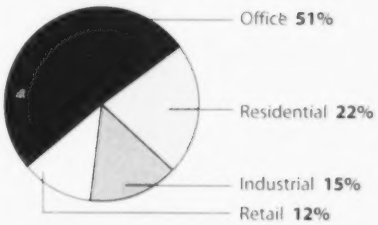
Bonds (Market Value)



Canadian Equities (Market Value)

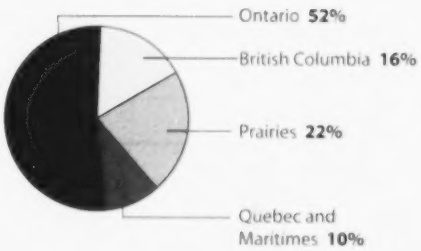


Real Estate, by Type

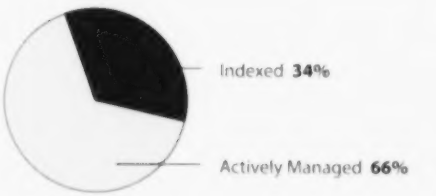


■ **Indexed:**	A portfolio of securities in approximately the same proportion as a public market index (e.g., Standard & Poor's/Toronto Stock Exchange Composite)
□ **Actively Managed:**	A portfolio of securities that is designed to outperform a public market index

Real Estate, by Location



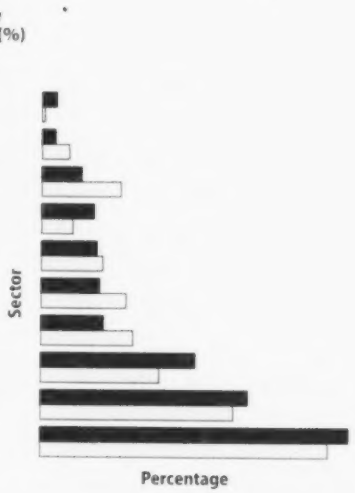
U.S. Equities (Market Value)



Investments Held as at March 31, 2005

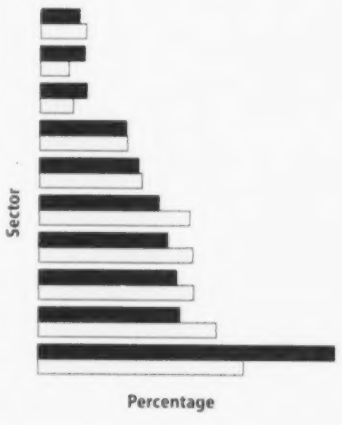
Canadian Equities, by Sector

	Indexed (%)	Actively Managed (%)
Utilities	1.5	0.3
Health Care	1.4	2.8
Consumer Staples	4.1	8.1
Telecommunication Services	5.4	3.2
Information Technology	5.7	6.3
Industrials	6.0	8.7
Consumer Discretionary	6.4	9.4
Materials	15.8	12.1
Energy	21.2	19.7
Financials	32.5	29.4
	100%	100%



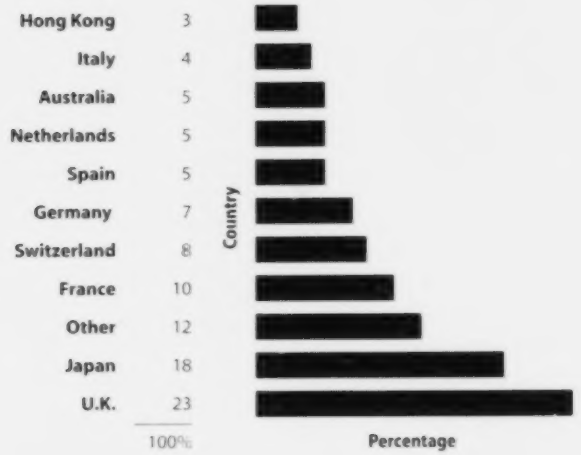
U.S. Equities, by Sector

	Indexed (%)	Actively Managed (%)
Materials	3.4	4.0
Telecommunication Services	3.9	2.5
Utilities	4.1	2.9
Consumer Staples	7.6	7.7
Energy	8.7	9.0
Industrials	10.5	13.2
Health Care	11.3	13.5
Consumer Discretionary	12.1	13.6
Information Technology	12.4	15.6
Financials	26.0	18.0
	100%	100%



Investments Held as at March 31, 2005

International Equities, by Country



Investments Held as at March 31, 2005
Top Ten Holdings

Canadian Equities

Company	Market Value ($ Thousands)	% of Total Canadian Equities
Manulife Financial	6,287	4.6
Royal Bank of Canada	5,998	4.4
Bank of Nova Scotia	5,687	4.1
Encana Corporation	5,304	3.9
Toronto Dominion Bank	4,997	3.6
Bank of Montreal	3,396	2.5
Canadian Imperial Bank of Commerce	3,230	2.3
Suncor Energy Inc	3,098	2.2
Bell Canada Enterprises Inc	3,003	2.2
Canadian National Railway	2,986	2.2
Total Top Ten	**$ 43,986**	**32.0**
Total Canadian Equities	**$137,630**	**100.0**

U.S. Equities

Company	Market Value ($ Thousands)	% of Total U.S. Equities
Citigroup Inc	1,622	1.5
General Electric	1,480	1.4
Exxon Mobil Corp	1,305	1.2
Pfizer Inc	1,207	1.1
Bank of America	1,170	1.1
Microsoft Corp	1,018	1.0
American International Group	904	0.9
ConocoPhillips	784	0.7
Johnson & Johnson	726	0.7
ChevronTexaco	688	0.7
Total Top Ten	**$ 10,904**	**10.3**
Total U.S. Equities	**$105,554**	**100.0**

International Equities

Company	Market Value ($ Thousands)	% of Total International Equities
Total Fina Elf	2,052	2.0
Vodafone Group	1,918	1.9
BP	1,820	1.8
HSBC Holdings	1,468	1.4
Glaxosmithkline	1,357	1.3
Royal Bank of Scotland Grp Plc	1,351	1.3
Enersis SA	1,308	1.3
Nestle SA	1,281	1.3
Novartis AG	1,252	1.2
UBS AG	1,204	1.2
Total Top Ten	**$15,011**	**14.7**
Total International Equities	**$102,243**	**100.0**

Investment Performance

Market Value Rates of Return for the Year Ended March 31, 2005

	Basic Account (%)	Inflation Adjustment Account (%)	Basic Account Performance Benchmarks* (%)	
Annual Rates				
2005	7.7	7.8	6.8	
2004	20.7	20.9	23.0	
2003	-9.4	-7.8	-10.2	
2002	4.1	4.0	4.2	
2001	-3.1	-3.1	-5.6	
Five-year Annualized Rates				
2005	3.5	3.9	2.5	
2004	5.5	6.1	5.4	
Ten-year Annualized Rates				
2005	8.8	8.7	**	
2004	8.7	8.6	**	
2005 Annual Rates by Investment Category				**2005 Performance Benchmark* Indices**
Short-term				
Money Market	2.3	2.3	2.2	SCI 91-Day T-Bill
Bonds	2.9	2.9	2.7	SCI Short-term Government Bond
Bonds				
Government	5.3	5.3	5.0	SCI Universe Government Bond
Corporate	4.9	4.9	5.0	SCI Universe Corporate Bond
Long-term	9.5	9.5	9.0	SCI Long-term All Government Bond
Real Return	9.9	10.3	10.7	SCI Real Return Bond
Canadian Equities				
Actively Managed	16.6	16.6	13.9	S&P/TSX
Indexed	14.5	14.5	13.9	S&P/TSX
U.S. Equities				
Actively Managed***	-1.5	-1.5	-1.0	R 1000
Indexed	-1.5	-1.5	-1.5	S&P 500
International Equities				
Asia	-0.1	-0.1	-4.4	MSCI Pacific Net
Europe	9.8	9.8	10.8	MSCI Europe Net
Europe, Australia and the Far East	5.7	5.7	5.9	MSCI Europe, Australia, Far East Net
Real Estate	12.8	12.8	6.3	CPI + 4%
Mortgages				
Fixed-term	4.8	4.8	4.0	SCI Short-term Government Bond + 1%
Construction	5.4	5.4	3.2	SCI One-year T-Bill + 1%
Specialty	8.1	8.1	4.8	SCI One-year T-Bill + 2.5%

Performance Benchmark Indices Abbreviations

CPI	=	Consumer Price Index
MSCI	=	Morgan Stanley Capital International
NB	=	Nesbitt Burns
R	=	Russell
SCI	=	Scotia Capital Inc.
S&P	=	Standard & Poor's
S&P/TSX	=	Standard & Poor's/Toronto Stock Exchange Composite or Capped

(Source of annual rates: British Columbia Investment Management Corporation)

* Benchmarks are standards to compare against actual investment returns.

** Annual rate of return not available

*** Rate of return does not include derivatives.

Financial Health

Active plan members and WCB both contribute to the plan. Every three years, an independent actuary assesses the adequacy of the contribution rates for funding the pension plan. The latest valuation examined the plan as at March 31, 2003, and disclosed a net actuarial surplus of $84 million. In order to strengthen the fund, the Workers' Compensation Board increased the employer's contribution rate by 2% of salary effective December 25, 2003 while maintaining employee contribution rates at previous levels. The next valuation will be as at March 31, 2006.

Latest Actuarial Valuation as at March 31, 2003

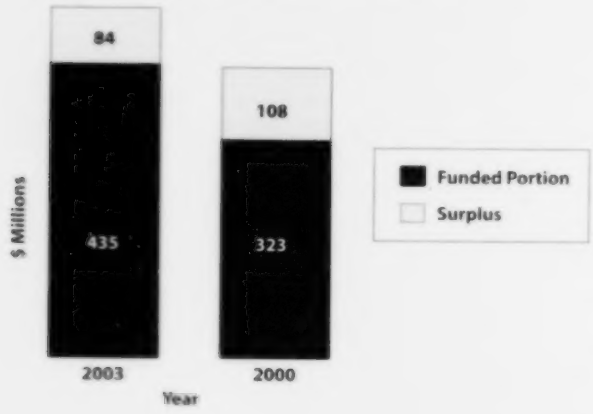
$ Millions

	Basic Pension Benefits	
	2003	2000
Actuarial Net Assets	519	431
Actuarial Liabilities	435	323
Net Actuarial Surplus*	84	108

See Note 7 to the Financial Statements for additional explanation.

* After including the $1 million of future costs for benefits in excess of the *Income Tax Act* limits, the surplus reduces to $83 million ($107 – 2000).

Funding of the Total Basic Benefit Liability



Five-year Financial Summary

$ Thousands

For the year ended March 31	2005	2004	2003	2002	2001
Increase (Decrease) in Assets					
Investment Income (Loss)	$ **52,328**	$ 115,253	$ (54,072)	$ 24,206	$ (16,765)
Contributions					
Employer	**14,026**	9,625	3,527	1,155	4,422
Members	**9,878**	9,620	7,009	5,846	5,538
Transfers from Other Plans	**5,732**	5,100	5,693	2,048	684
Total Increase (Decrease) in Assets	**81,964**	**139,598**	**(37,843)**	**33,255**	**(6,121)**
Decrease in Assets					
Pension Benefits	**15,682**	14,364	12,922	12,182	11,402
Termination and Refund Benefits	**3,280**	3,331	3,710	2,146	2,746
Transfers to Other Plans	**5,424**	1,965	1,120	520	187
Investment and Administration Costs*	**1,149**	1,192	916	841	916
Total Decrease in Assets	**25,535**	**20,852**	**18,668**	**15,689**	**15,251**
Increase (Decrease) in Net Assets	**56,429**	118,746	(56,511)	17,566	(21,372)
Net Assets Available for Benefits at Beginning of Year	**666,898**	548,152	604,663	587,097	608,469
Net Assets Available for Benefits at End of Year	$**723,327**	$666,898	$548,152	$604,663	$587,097

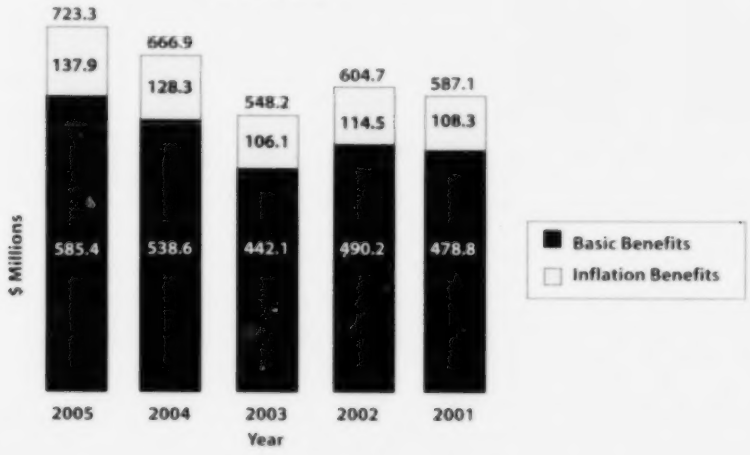
Investment and Administration Costs as a Percentage of Net Assets*

Investment Management*	**0.14%**	0.15%	0.16%	0.14%	0.13%
Benefit Administration	**0.06%**	0.07%	0.05%	0.05%	0.06%

* External investment management costs incurred by real estate pooled fund wholly owned corporations of $335 thousand (2004 – $252 thousand; 2003 – $260 thousand; 2002 – $322 thousand; 2001 – $215 thousand) are not included in investment and administration costs, but are included in investment management costs as a percentage of net assets. These costs have been restated for comparative purposes.

Net Assets Available for Benefits

as at March 31



Financial Statements

PENSION CORPORATION

Executive Offices

Mailing Address:
PO Box 9460
Victoria BC
V8W 9V8

Location:
2995 Jutland Road
Victoria BC
V8T 5J9

Phone:
250 387-8201
1 800 663-8823
Fax:
250 953-0429

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN

ADMINISTRATIVE AGENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Workers' Compensation Board Superannuation Plan (Plan) were prepared by the British Columbia Pension Corporation (Pension Corporation), the administrative agent for the Plan. The Pension Corporation prepares the financial statements in accordance with Canadian generally accepted accounting principles and is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting policies consistent with generally accepted accounting principles in Canada. Other financial information contained in the Workers' Compensation Board Superannuation Plan Annual Report conforms to these financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, the Pension Corporation maintains the internal controls necessary to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded.

The firm of Eckler Partners Ltd. has been appointed the independent consulting actuary to the Plan. The role of the actuary is to complete an actuarial valuation of the Plan in accordance with accepted actuarial practice; the results of the valuation are included in the financial statements.

The firm of KPMG LLP has been appointed the independent auditor to the Plan. The role of the auditor is to perform an independent audit of the financial statements of the Plan in accordance with Canadian generally accepted auditing standards. The resulting audit opinion is set out in the Auditors' Report attached to these financial statements.

SANDRA LENZ, C.A.
A/Chief Financial Officer
British Columbia Pension Corporation

BRIAN PEARSON, C.G.A.
A/Director, Plan Finance
British Columbia Pension Corporation

July 15, 2005

KPMG LLP
Chartered Accountants

AUDITORS' REPORT

To the Members of the Workers' Compensation Board Superannuation Plan

We have audited the statement of net assets available for benefits of the Workers' Compensation Board Superannuation Plan as at March 31, 2005 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the board of trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the Plan's net assets available for benefits as at March 31, 2005 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Victoria, Canada

July 15, 2005

WorkSafe WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
($ Thousands)

As at March 31	2005	2004
ASSETS		
Investments (Note 3)	$ 722,641	$ 665,187
Receivables		
Members' contributions	994	833
Employer's contributions	1,507	876
Accrued investment income	378	379
Due from sale of investments	228	247
	3,107	2,335
Cash	7	-
Total Assets	725,755	667,522
LIABILITIES		
Accounts payable and accrued expenses	535	440
Payable for purchase of investments	1,893	184
Total Liabilities	2,428	624
NET ASSETS AVAILABLE FOR BENEFITS	$ 723,327	$ 666,898

All accompanying notes are an integral part of these financial statements.

Actuarial Valuation of the Basic Account (Note 7)
Commitments (Note 10)

Sid Fattedad
Workers' Compensation Board of British Columbia
Trustee

Stuart Smith
Workers' Compensation Board of British Columbia
Trustee

WorkSafe

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
($ Thousands)

For the year ended March 31	Basic Account	Inflation Adjustment Account	Supplemental Benefits Account	Totals 2005	Totals 2004
INCREASE (DECREASE) IN ASSETS					
Investment income (Note 4)	$ 42,172	$ 10,156	$ -	$ 52,328	$115,253
Contributions (Note 5)					
Members'	8,242	1,632	4	9,878	9,620
Employer	12,270	1,669	87	14,026	9,625
	20,512	3,301	91	23,904	19,245
Transfers from other plans	4,426	1,306	-	5,732	5,100
Total Increase in Assets	67,110	14,763	91	81,964	139,598
DECREASE IN ASSETS					
Pension benefits					
Contributory	12,949	-	85	13,034	11,858
Indexing supplements	2,642	-	6	2,648	2,506
	15,591	-	91	15,682	14,364
Termination and refund benefits	2,291	989		3,280	5,331
Transfers to other plans	4,169	1,255	-	5,424	1,965
Investment and Administration costs (Note 8)	1,013	136	-	1,149	1,192
Total Decrease in Assets	23,064	2,380	91	25,535	20,852
INCREASE IN NET ASSETS BEFORE TRANSFERS	44,046	12,383	-	56,429	118,746
Account transfers (Note 6)	2,781	(2,781)	-	-	-
INCREASE IN NET ASSETS	46,827	9,602	-	56,429	118,746
NET ASSETS AVAILABLE FOR BENEFITS AT BEGINNING OF YEAR	538,560	128,338	-	666,898	548,152
NET ASSETS AVAILABLE FOR BENEFITS AT END OF YEAR	$585,387	$137,940	$ -	$723,327	$666,898

Supplemental Benefits Account (Note 9)

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN

The following brief description of the Workers' Compensation Board (WCB) Superannuation Plan (Plan) is provided for general information only. For more information, please contact the WCB Compensation and Benefits Department.

a) General

The Plan is open to all eligible employees of the Workers' Compensation Board (WCB).

b) Roles and Responsibilities

The Workers' Compensation Board (WCB)
The Workers' Compensation Board is fully responsible for the management of the Plan, including investment of the assets and administration of the Plan. WCB appoints Plan trustees. Currently there are two trustees, one representing WCB as the employer and one representing Plan members.

British Columbia Investment Management Corporation (bcIMC)
bcIMC provides investment management services as an agent of WCB.

British Columbia Pension Corporation (Pension Corporation)
The Pension Corporation provides benefit administration services as an agent of WCB.

c) Contributions

Basic Account
Members contribute 4.5% of salaries up to and including the Canada Pension Plan Year's Maximum Pensionable earnings (YMPE) ($40,500 in 2004) and 6% of salaries above the YMPE, less amounts allocated to the Supplemental Benefits Account (See Notes 5 and 9).

Employers contribute 6.5% (4.5% to December 24, 2003) of salaries up to and including the YMPE and 8% (6.0% to December 24, 2003) of salaries above the YMPE, less amounts allocated to the Supplemental Benefits Account (See Notes 5, 7 and 9).

Inflation Adjustment Account (IAA)
Members and WCB contribute 1.0% of salaries to the IAA.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN (CONTINUED)

d) Pension Benefits

All members with two years of contributory service are eligible for a pension benefit.

Members are eligible for unreduced pension benefits:

- at age 65;
- at age 60, with at least 2 years contributory service; or
- at age 55 or older, with age plus years of service equalling 90 or more.

Other retiring members have a reduction formula applied to their pensions.

The defined basic plan benefit is integrated with the Canada Pension Plan (CPP). As a result, the Plan provides an unreduced benefit of 1.3% of pensionable earnings, up to the CPP Year's Maximum Pensionable Earnings (YMPE) and 2% of pensionable earnings over the YMPE, for each year of pensionable service (to a maximum of 35 years). Pensionable earnings are based on the member's highest five-year average salary (HAS). The Plan also provides a bridge benefit with CPP which is payable to age 65 (or the date of death, if earlier). The bridge benefit is 0.7% of the lesser of the YMPE or the HAS.

Increases to pension payments may be provided each January 1 in accordance with the indexing provisions of the Plan. These increases are based on the annual increase in the Canada Consumer Price Index (CPI) as at the previous September 30, and are subject to availability of funds in the Inflation Adjustment Account (Notes 6 and 7).

At January 1, 2005 retired members received a full CPI increase of 1.8% (2004: 2.2%).

e) Termination and Portability Benefits

A terminating member who is eligible for a pension, but has not reached the earliest retirement age, may choose:

- a deferred pension; or,
- a transfer of the commuted value of the pension benefit (the minimum value is the member's contributions with interest) to a locked-in registered retirement savings plan or similar tax-sheltered plan.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

1. DESCRIPTION OF THE WCB SUPERANNUATION PLAN (CONTINUED)

e) Termination and Portability Benefits (continued)

A terminating member may also choose to leave monies on deposit in anticipation of future entitlements, or if under 60 with less than two years of contributory service, may choose a refund of contributions with interest.

Where there are portability arrangements between the Plan and other pension plans, members may be able to transfer certain pension rights.

f) Other Benefits

Disability and survivor benefits are also available under the Plan. Supplemental benefits (Note 9) may also be funded from the Supplemental Benefits Account. Under certain circumstances, members may also reinstate or purchase additional service to increase their future pension benefits.

g) Income Taxes

The Plan is a Registered Pension Plan (RPP) as defined in the *Income Tax Act* (Canada), except for supplemental benefits (Note 9), which are funded in addition to the RPP. The Plan is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements present the Plan as a separate financial reporting entity, independent of the Plan's contributing employer and members. The Statement of Net Assets Available for Benefits shows the assets under control of the trustees of the Plan. It does not purport to show whether these assets are adequate to meet all of the obligations of the Plan.

Certain comparative figures have been reclassified to conform with the current year's presentation.

b) Investments

Investments are stated at fair value and consist primarily of direct ownership in units of pooled investment portfolios. The units of pooled investment portfolios are valued regularly based on the value of the underlying assets. Where available, fair values of these assets are based on public market prices or quotations from investment dealers. Where public market prices or quotations are not available, fair

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Investments (continued)

values are derived using valuation methods such as discounted cash flows, earnings multiples, appraisals, prevailing market rates for instruments with similar characteristics and other pricing models, as appropriate. The fair value of derivative contracts is included in the fair value of pooled investment portfolios.

Investment purchases and sales are recorded on the trade date (the date upon which the substantial risks and rewards of ownership have been transferred).

c) Investment Income

Income from investments is recorded on the accrual basis and represents pooled investment portfolio income attributable to the Plan as a unit holder. The current period change in fair value includes realized and unrealized gains and losses which is included in investment income.

Within the pools, dividends are accrued on the ex-dividend date. Income and expenses from derivative contracts are recognized on the accrual basis. Gains and losses on derivative instruments are recognized concurrently with changes in fair values.

d) Use of Estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases of assets during the period. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the valuation of investments and the estimate of the actuarial surplus for the Basic Account.

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

3. INVESTMENTS (FAIR VALUE)

	2005			2004
	Basic Account	Inflation Adjustment Account	Total	Total
	($ Thousands)			
Short-term	$ 24,758	$ 6,601	$ 31,359	$ 31,566
Canadian Bonds	182,362	42,934	225,296	206,894
Canadian Equities	111,300	26,330	137,630	121,086
U.S. Equities	85,566	19,988	105,554	103,661
International Equities	83,149	19,094	102,243	96,573
Foreign Currency	819	164	983	1,202
Mortgages	23,158	5,464	28,622	26,752
Real Estate	60,586	14,172	74,758	63,659
Private Placements	13,268	2,928	16,196	13,794
	$584,966	$137,675	$722,641	$665,187

Plan investments consist primarily of direct ownership in units of pooled investment portfolios managed by bcIMC. Each unit entitles the holder to a proportionate share in the net assets of the pooled investment fund. One or more pooled investment portfolios exist for different types of investments, such as short-term investments, Canadian bonds and Canadian equities.

Short-term investments consist of Canadian money market securities, such as treasury bills, with maturities of 15 months or less and short-term bonds with one to five year terms. Canadian bonds consist of government and corporate bonds and debentures. Equities consist primarily of publicly traded shares, and in the case of international equities refer to investments in Europe, Australia and the Far East. The foreign currency pooled fund engages in the buying and selling of foreign currency financial instruments to enhance returns through the active management of currency exposure.

Mortgages consist mainly of Canadian construction, commercial and multi-family residential mortgages. Real estate investments consist mainly of diversified Canadian income-producing properties. Private placements refer to Canadian and international long-term debt or real estate investments made outside the structure of public markets (Note 10).

The mortgages are secured by real estate and are valued using current market yields. Real estate investments are valued quarterly by bcIMC's external real estate investment managers and at least once every ten to eighteen months by accredited independent appraisers to establish current market values. Private placements are

WORKERS' COMPENSATION BOARD SUPERANNUATION PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

3. INVESTMENTS (FAIR VALUE) (CONTINUED)

valued annually based on audited financial statements from private placement external managers.

The Plan also uses derivative contracts held indirectly through various pooled investment portfolios to enhance return, manage exposure to interest rate and foreign currency risk, and for asset mix management purposes. Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates, or currency rates.

4. INVESTMENT INCOME

	2005			2004
	Income Allocation	Current Period Change In Fair Value	Total	Total
		($ Thousands)		
Basic Account				
Short-term	$ 906	$ (390)	$ 516	$ 980
Canadian Bonds	8,371	3,123	11,494	17,054
Canadian Equities	1,910	13,294	15,204	31,919
U.S. Equities	3,135	(1,299)	1,836	14,462
International Equities	2,122	2,803	4,925	22,570
Foreign Currency	19	8	27	431
Mortgages	1,420	(274)	1,146	1,876
Real Estate	2,500	4,237	6,737	3,744
Private Placements	(46)	333	287	(455)
Investment Income	$20,337	$21,835	$42,172	$92,581
Inflation Adjustment Account				
Short-term	$ 221	$ (86)	$ 135	$ 225
Canadian Bonds	2,011	793	2,804	4,119
Canadian Equities	454	2,677	3,131	8,115
U.S. Equities	759	131	890	3,194
International Equities	502	643	1,145	5,615
Foreign Currency	5	5	10	110
Mortgages	341	(65)	276	448
Real Estate	598	1,017	1,615	884
Private Placements	1	149	150	(38)
Investment Income	4,892	5,264	10,156	22,672
Total Investment Income	$25,229	$ 27,099	$52,328	$115,253

4. INVESTMENT INCOME (CONTINUED)

The income allocation portion of investment income represents pooled investment portfolio income attributable to the Plan, as a unitholder, and as calculated by bcIMC, and interest income from directly held investments. All income earned within a pooled investment portfolio is reinvested within the portfolio.

5. CONTRIBUTIONS

	2005				2004
	Basic Account	Inflation Adjustment Account	Supplemental Benefits Account	Total	Total
			($ Thousands)		
Members' contributions					
Regular	$ 8,153	$1,617	$ 4	$ 9,754	$ 9,489
Arrears	24	-	-	24	20
Leave of absence	71	15	-	86	111
Reinstatement	14	-	-	14	-
	8,242	1,632	4	9,878	9,620
Employer's contributions					
Regular	12,062	1,617	87	13,766	9,489
ERIP	104	34	-	138	-
Arrears	22	-	-	22	21
Leave of absence	82	18	-	100	115
	12,270	1,669	87	14,026	9,625
Total Contributions	$20,512	$3,301	$ 91	$23,904	$19,245

Member and employer contributions are as defined under the Plan rules.

In 2005, employer contributions were increased by 2% of salaries, retroactively to December 25, 2003. Employer regular contributions of $781 thousand are included above for this retroactive period (Note 7).

Member regular Basic Account contributions were $8,157 thousand, of which $4 thousand was allocated to the Supplemental Benefits Account. Employer regular Basic Account contributions were $12,149 thousand, of which $87 thousand was allocated to the Supplemental Benefits Account (Note 9).

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NOTES TO THE FINANCIAL STATEMENTS
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6. ACCOUNT TRANSFERS

	2005		2004	
	Basic Account	Inflation Adjustment Account	Basic Account	Inflation Adjustment Account
	($ Thousands)			
Present value of current indexing supplements	$2,516	$(2,516)	$ 2,877	$(2,877)
Indexing of deferred Pensions	265	(265)	149	(149)
Excess interest	-	-	-	-
	$2,781	$(2,781)	$ 3,026	$ (3,026)

The Inflation Adjustment Account (IAA) is a separate account that is maintained to fund current and future indexing supplements. The IAA is funded through a portion of ongoing employer and member contributions (please see Note 1c), from investment income earned on its own assets, and from excess interest earned in the Basic Account.

All pension payments are made from the Basic Account. Each year, when retired members' pension payments are adjusted for current indexing, monies are transferred from the IAA to the Basic Account to cover the present value of all future payments arising from the current indexing supplements.

When a deferred pension begins to be paid, the present value of the cost of living changes during the deferral period is transferred from the IAA to the Basic Account.

There have been no excess interest transfers to the IAA for the years ended March 31, 2005 through 2005. Excess interest is based on investment income earned on Basic Account assets required for pensions currently being paid, approximately $150.7 million of assets for 2005 (2004: $139.5 million). The excess interest rate of return is determined by taking the difference between the actual five-year annualized market rate of return and the rate of return used by the actuary (6.5%) in valuing the Plan's liabilities. The calculated excess interest rate of return for 2005 was -3.0% (2004: -1.0%), resulting in a negative excess interest amount of $4.5 million (2004: $1.4 million). The cumulative negative excess interest amount, including interest applied on cumulative excess amounts, is $12.2 million which will be offset against future positive excess interest amounts before positive excess transfers will resume.

7. ACTUARIAL VALUATION OF THE BASIC ACCOUNT

An actuarial valuation is performed at least every three years by an independent actuary. Its primary objective is to assess the financial position and adequacy of funding for the Basic Account of the Plan.

The Basic Account is the account from which the defined basic benefits of the Plan are paid. It is also the account from which any indexing that has been granted to retired members is also paid. Future indexing benefits are not guaranteed within the Plan provisions and are granted to retired members only to the extent that sufficient assets are available from the IAA to fund those benefits. As indexing is granted, the Basic Account receives from the IAA the necessary net present value funding for the granted indexing. Therefore, accrued basic pension benefits, for valuation purposes, include the liability for all indexing granted to the date of the valuation, but not, as yet unknown, future indexing.

The latest full actuarial valuation was made as at March 31, 2003, by Eckler Partners Ltd., the results were as follows:

As at March 31	2003	2000
	($ Millions)	
Net assets available for basic pension benefits	$ 442	$ 500
Five year market value smoothing adjustment	77	(69)
Net actuarial assets for basic pension benefits	519	431
Liability for accrued basic pension benefits	(436)	(324)
Actuarial surplus	$ 83	$ 107

The next full actuarial valuation will be as at March 31, 2006 for inclusion in the March 31, 2007 financial statements.

Based on the results of the 2003 actuarial valuation, an increase in the employer contribution rate was not required. However, after considering the overall financial position of the Plan, the actuary suggested an increase to reflect the full cost of ongoing benefits. Therefore, in October 2004, the Workers' Compensation Board decided that effective December 25, 2003, the employer contribution rate would increase by 2.0% of salaries.

The liability for accrued basic pension benefits at the valuation date is determined using the projected benefit method prorated on service. Net assets are valued using five-year market value smoothing. For accounting purposes, an estimate of the actuarial position between valuations is required. This estimate, called an extrapolation, has been made to March 31, 2005, using the following long-term actuarial assumptions:

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7. ACTUARIAL VALUATION OF THE BASIC ACCOUNT (CONTINUED)

- Annual investment return 6.5%
- Annual salary escalation rate 3.5%

On this basis, the extrapolated value of the surplus is as follows:

Extrapolated Actuarial Assets Available for Basic Pension Benefits	2005	2004
	($ Millions)	
Extrapolated actuarial assets, beginning of year	$ 557	$ 519
Account transfers	3	- 3
Current year contributions	21	16
Net transfers from (to) other plans	-	2
Pension, termination & refund benefits	(18)	(17)
Interest accrued on assets	36	34
Extrapolated actuarial assets, end of year	$ 599	$ 557

Extrapolated Actuarial Liability for Accrued Basic Pension Benefits	2005	2004
	($ Millions)	
Extrapolated liability for accrued basic pension benefits, beginning of year	$ 474	$ 486
Account transfers	3	3
Current period benefit cost	22	21
Net transfers from (to) other plans	-	2
Pension, termination & refund benefits	(18)	(17)
Interest on accrued liability	31	29
Extrapolated liability for accrued basic pension benefits, end of Year	$ 512	$ 474
Extrapolated actuarial surplus, March 31	$ 87	$ 83

Extrapolations may not be reliable indicators of the next valuation results nor do they necessarily reflect the overall trend of results. Between valuations, actual wage increase, investment earnings and the incidence of retirements, withdrawals, etc. may vary significantly from the long-term assumptions used in the extrapolation.

No unfunded liability exists for the IAA, since the obligation for future indexing benefits is limited to the amount of the available assets in the account.

8. INVESTMENT AND ADMINISTRATION COSTS

	2005	2004
	($ Thousands)	
Investment Management	$ 712	$ 718
Benefit Administration	375	299
Other Professional Services	62	175
	$ 1,149	$ 1,192

bcIMC is a related party to the Plan as WCB is represented on bcIMC's Corporate Board.

Costs for investment management services charged by bcIMC include costs for the recovery of internal and external investment management fees.

Investment management costs of $335 thousand (2004: $252 thousand) representing the Plan's share of expenses incurred by wholly-owned corporations of the real estate investments are not included in the above amounts.

Benefit administration costs represent amounts charged to recover for benefit administration costs incurred by the Pension Corporation. These costs are approved by WCB.

Other professional services include actuarial and audit fees.

Separate from the Plan, the Workers' Compensation Board pays directly for the medical plan and extended health care premiums for retired members and their dependents. For the year ended March 31, 2005 this amounted to $1,360,577 (2004: $1,239,526).

9. SUPPLEMENTAL BENEFITS ACCOUNT

The Supplemental Benefits Account is the account through which certain supplemental benefits are funded. For example, pension benefits which exceed *Income Tax Act* (Canada) limits for registered pension plans are paid through this account.

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10. COMMITMENTS

The Plan participates in private placement pools and international real estate pools managed by bcIMC. These pools consist primarily of investments in limited partnerships.

As at March 31, 2005, the Plan's share of commitments (over the next several years) for future investment in these pools is approximately $21.3 million (2004 – $15.6 million).

11. FINANCIAL INSTRUMENTS

The Plan's investments are recorded at fair value. Other financial instruments consist of cash, accounts receivable, accounts payable and accrued expenses. The fair values of these financial instrument approximate their carrying values.

Fair values of investments are exposed to price risk and credit risk. Price risk is comprised of currency risk, interest rate risk, and market risk. Foreign currency risk relates to the possibility that the investments will change in value due to future fluctuations in foreign exchange rates. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract.

Interest Rate Risk
The value of the Plan's assets is affected by changes in interest rates and their effect on capital markets. Actuarial liabilities are affected by changes in long-term market interest rates.

Foreign Currency Risk
Foreign currency exposure arises from the plan's holdings of foreign-currency denominated investments and related derivative contracts. Foreign currency forward contracts are used to manage a portion of the currency exposure. A foreign currency forward contract is a contractual obligation either to buy or sell a specified amount of foreign currency at a predetermined future date and exchange rate.

Market Risk
WCB approves the long-term asset mix policy for investment assets and oversees the management of these assets through WCB's investment management agent, bcIMC. Market risk is reduced through asset class diversification, diversification within each asset class and credit quality constraints on fixed income instruments.

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11. FINANCIAL INSTRUMENTS (CONTINUED)

Credit Risk

The Plan limits derivative contract credit risk by dealing principally with counterparties that have a credit rating of A or higher as rated by the Dominion Bond Rating Service or equivalent.

This publication is produced by the
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